

GNS Profit Builder

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MEMBER

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The 102nd Canton Fair China October 2007

The Canton Fair commenced operations in April 1957 to showcase Chinese products and generate exports for the country. What a success it has been for the Chinese since its inception!

Held twice per year, the Fair now attracts more than 200,000 visitors per session from over 200 countries of the world. With a massive exhibition area of approximately 280,000 square metres encompassing over 30,000 exhibitor stands, each Fair generates in excess of USD30,000,000 in new contracts for Chinese business.

With the dramatic growth in Chinese exports and the resulting trade imbalance it has created with its trading partners, the Fair has now been opened to organisations who are looking to have products and services imported into the Chinese market.

The products at the fair span the full range of Household electrical appliances, Electronics and IT products, Lamps and lighting fixtures, Tools (hand, battery and power), Machinery and equipment, Small vehicles and spare parts, Hardware, Building materials, Chemical and mineral products, Textiles and construction machinery.

Gavin Shaw of GNS Group once again travelled to China for the October 2007 Canton Fair and was again amazed at the size of the exhibition, the vast number of products and opportunities available to visitors and the ever increasing quality of Chinese manufactured products that are available at very competitive prices. Travelling with Gavin were some local business people from Melbourne looking at reducing manufacturing costs for their range of fencing products. They picked up on a number of suppliers who could meet their needs and are now in negotiations to commence imports of selected items. They were rapt with the trip

China is a vast and fascinating country. With a population now of circa 1.2 billion people it is truly worth a visit from both a business and cultural perspective. Quickly disappearing off the roads are the vast numbers of bicycles of 15 years ago—these being replaced by an ever increasing number of cars (and traffic jams)! On the numerous trips that Gavin has made to China he has found it reasonably easy to get around (with the aid of a lot of gesticulating), the people generally easy to get along with and the food and accommodation great.

In dealing with the Chinese, a per any business contract, you must go in with your eyes wide open and ensure that you cross the T's and dot the I's on all key parameters of a deal. Failing this it is very easy to get caught up in the enthusiasm for a new venture—but without proper due diligence on potential suppliers there can be many traps for the unwary.

For those considering the import of products from China, there are a number of reputable intermediary companies that can assist in linking you up with reputable manufacturers—the intermediary is paid by the Chinese exporter based on a small commission for all products ordered. If you are interested in exploring the opportunity that lower cost imports have to offer, then speak with Gavin who can relate his experience in dealing with the Chinese.

Bakka Design & Milvine Estate Joint Promotion

For the past 3 years, Graeme and Mark Harrop of Bakka Design Furniture Studio and Jo and Graeme Millard of Milvine Estate Winery, both customers of GNS Group, have run a joint promotion to showcase the latest in outdoor furniture in the case of Bakka and the latest wine releases from Milvine. On the weekend of the 20th and 21st of October, the Summertime weekend was on again. Mark Harrop gives an outline of this event in the following.

"We invited our customers to a special preview of our outdoor furniture range for the summer again recently. This has become one of our annual and regular events that we hold throughout the year to keep in touch with our customers by mail out. The initial idea, three years ago, was for an event to show our outdoor furniture that would have a party feel, so we could sit, relax and chat with our clients."

"During one of our regular Business Development meetings with Anthony at GNS, it was suggested that we contact another of GNS Group's long term clients, Milvine Estate Wines, about being involved for the weekend. As Milvine Estate are ready to release their latest vintage at this time each year, it was perfect for them."

"This year's weekend was really a great success, our clients dropped by & enjoyed themselves (as did we), and it was a great atmosphere for both us & Milvine and we both made some great sales as well!"

"We were grateful for Anthony dropping by on the weekend, this is the support & effort from GNS that we really appreciate, as a part of working with them. Of course, the beautiful weather, along with the wonderful wines and sitting around in the comfort of our new furniture, could have really been the reason Anthony visited!"

"Please pass on my thanks to Anthony for bringing Milvine & ourselves together like this, is one of the many different ways GNS Group have helped us to continue to develop our business."

ATO's 2007/08 Audit Targets for Individuals.....

The ATO compliance program for the 2007/08 year has a continued focus on ensuring that tax payers comply with tax laws. The ATO has reported that they will do 15,000 reviews of tax returns specifically looking at the veracity of work related expense claims. They will visit 300 tax practitioners to review work practices and claims. They plan to review 6,000 "at-risk" cases of rental property income and expense claims. Their will be a focus on high net wealth individuals and business in general where data submitted in returns does not follow industry norms. The ATO uses data matching to verify information supplied in returns and in the process examines more than 50 million transactions per annum at present.

For a number of years now, GNS Group has offered its customers audit insurance protection. This insurance covers the professional fees incurred when an accountant assists a client to respond to an audit, review or investigation of tax returns lodged with the ATO or other government agency. Tax audit insurance provides cost effective protection, and peace of mind, against the substantial cost that may be incurred should the ATO or another Government agency select a lodged return for enquiry, review, investigation or audit. Renewal letters will be sent out shortly to existing customers covered by this program. If you'd like further information on this protection, please speak to Jill in the GNS office who can further explain what is involved.

New On Hold Messages at GNS Group a Hit

In our last newsletter we advised that we would be changing our on hold message system to a series of recorded interviews with staff and customers of GNS Group. We felt that we could make it far more interesting for callers by providing relevant information whilst you are on hold (for not too long I hope) and by sharing with you detail of some of the customers that we work with on a regular basis.

We have been thrilled with the response that we have got to the new system! Callers who have to spend time on hold are now telling us that they enjoy the various interviews with customers, their experiences and lessons learnt in business and the various pieces of advice on tax and super planning.

In putting the new system together we used Michael Allen of The Jingle Company, Bruce's son, to put it all together. Michael has done a great job. If you'd like to do something similar then speak to Gavin who can take you through what is involved. It is very straightforward and affordable.

Self Managed Super Funds—The Auditor's Report

Jane & Maria have been working feverishly to complete our client's Self Managed Super Funds. This year they have been taking a bit longer to finalise due to the many changes required to comply with the new requirements. Recently Bruce attended a Superannuation Administration and Audit course which highlighted some areas of concern and the ATO's hit-list for this year.

The ATO is concerned that a number of new SMSF established to take advantage of the new Tax Free pensions may not meet the super rules & be leaving themselves open to penalties in an audit situation. They have increased the SMSF audit team from 130 to 250 and intend to target funds that may have breached the following:

- Sole Purpose - Investments that don't meet the definition of providing benefits to fund a member's retirement.
- In House Assets – Prohibited investments in related companies, trusts or loans to family
- Use of SMSF assets for private purposes – eg artwork, holiday home, boats.
- Early access to superannuation without meeting a Condition of Release (eg retirement)
- Offshore investments
- Ineligible contributions to Superannuation
- SMSFs that appear to be conducting a business
- Funds that have not been reviewed in the last 5 years.
- Valuations of transferred assets between the SMSF & related parties.

For more information on the Audit of Self Managed Super Funds, please contact Bruce Allen.

As most people now know, Pensions after the age of 60 are now tax free, however, most Superannuation Trust Deeds do not allow for the benefits of the new Account Based Pension. To make our client's funds compliant with the new rules, we have written to affected SMSFs with deeds older than 2006 as these will need to be updated.

Through our association with Count Financial, we have a service called Super Central which allows for our client's trust deeds to be automatically updated every time there is a change in legislation. This means if there is 1 or 10 changes throughout the year, your Super Fund will always be compliant. If you would like more information about updating your super deeds, please contact Debbie Farrell.

Staff Profile—Tim Morgan

For those of you that haven't met Tim, Tim joined GNS Group as an accountant in August of 2003 having recently completed a Commerce Degree at Melbourne University.

Tim hails from the country town of Donald in Victoria. He moved down to Melbourne in 1999 to pursue his Melbourne University studies. He is a keen sportsman having played and captained representative football and cricket teams in the area. He is an avid Cats supporter and is still on cloud nine with the Cats win in this years AFL: Grand Final.

Tim works with a number of GNS customers in the key areas of tax and compliance. Tim is also our resident Banklink guru.

Tim has a keen interest in shares and the stock market. (Tim's brother is a share analyst for the Citadel Group based out of Chicago USA). Tim is currently studying in the area of financial planning and is set to gain his accreditation in this field before the year is out.

Tim is the Chairman of the GNS Group share club—and with the solid performance of the portfolio his long term tenure is looking good.



Superannuation Strategies

Whilst tax free pensions for those over 60 is great news, the same may not apply once you die!

A typical superannuation account comprises 2 components – Taxable & Tax Free. The taxable amounts are accumulated employer contributions or member deducted contributions (self employed people). The Tax free amounts are generally Invalidity payments, Pre 1983 amounts and Undeducted Contributions.

All money left within Super at the time of your death is tax free when paid to a financial dependant (such as a spouse or child). However, if your superannuation death benefit is paid to a non dependant – such as adult children, there may be some tax payable by your estate.

Example.

Joe 52, & Pam 47

Children: Warren 26 & Julie 17

Joe dies with \$500,000 in Superannuation (\$400,000 Taxable, \$100,000 Tax Free Undeducted Contributions)

Depending on who is the Nominated Beneficiary, there can be various tax outcomes:

	Pam 100%	or	Warren 100%	or	Julie 100%	or	Warren & Julie 50/50
Benefit	\$500,000		\$500,000		\$500,000		\$250,000
Tax Free	\$500,000		\$100,000		\$500,000		\$50,000
Tax Pay-able	-		\$60,000 (15%)		-		\$30,000 (15%)
After Tax Benefit	\$500,000		\$440,000		\$500,000		\$220,000

It is very important that your Superannuation Death benefits are paid to the most tax effective beneficiary to avoid any unnecessary tax. The drafting of a Binding Death Nomination for your superannuation monies gives you certainty of who will receive your superannuation entitlements. If you would like any further information on Binding Death Nomination forms, please contact our Financial Advisor, Anthony Sinclair on 9499 7444.

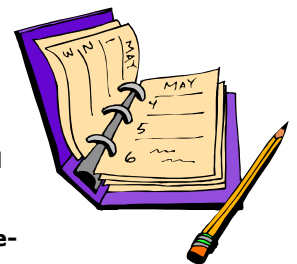
Christmas and Cup Day Holidays

Please note that the GNS Group offices will be closed for the following periods over Cup Day and Christmas.

Cup Day Holidays—The office will close at the end of the day on Friday the 2nd November and reopen on Wednesday the 7th of November 2007.

Christmas Break—This year the office will be close on the Thursday the 20th of December and reopen in the New Year Monday the 7th of January 2008.

We wish you all happy punting for Cup Day and a great break over the Christmas New Year period.



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principa|alliance
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GNS Group
235a Lower Heidelberg Road
Ivanhoe, Vic 3079

Phone: 1 800 996 322
(03) 9499 7444
Fax: (03) 9499 1005
Email: info@gnsgroup.com.au
Internet: www.gnsgroup.com.au